

October 13, 2014

Honorable Judge Steven Rhodes

211 W. Fort St., Suite 1800

Courtroom 1825

Detroit, MI 48226

FILED  
2014 OCT 20 AM 3:11  
CLERK OF COURT  
2014 OCT 20 AM 3:11  
CLERK OF COURT

Dear Judge Rhodes:

I am writing you this letter because after watching and investigating the court case of the Detroit bankruptcy, there are a few things that are very concerning.

My name is Clare Anagonye. In 2006, during my last semester at Wayne State University, I was allowed to complete an intern for the Detroit Retirement System, where I was able to work directly with the executive secretary to study the finances of the City of Detroit. During my internship, I learned that cumulative debt was the cause of Detroit's financial problems. After graduating with a finance degree from Wayne State University, I went to work in the private sector in financial services helping retirees set up private pensions and retirement savings. As a licensed financial professional, there are a few things that disturb me about the conduct of this case.

Under Sec guidelines, a ponzi scheme is an investment fraud that involves the payment of purported returns to existing investors from funds contributed by new investors. The plan of adjustment wants to use funds from new bond offerings to pay off creditors of defaulted bond obligations. The POA wants to use new bond securities from new investors to finance the exit of the Chapter 9 bankruptcy...this is a ponzi scheme. Judge, you wrote the book on ponzi schemes and understand the implications of breaking federal laws as a public employee and judge. Another issue is during the eligibility trial, the governor appointed EM's city attorneys claimed Detroit had no assets but thru the media and past Detroit financial statements, the people know Detroit does have assets:

1. Detroit Art collection worth \$8 billion
2. Cash revenue from City owned garage operations worth millions in annual cash flow
3. Pension Funds of the Police/Fire and General retirement system worth \$5.1 billion
4. City owned land and property worth millions
5. Annual Income and property tax collection proceeds worth millions
6. Water Department billed services worth \$2 billion in annual revenue

(Page 1 of 2)

The lawyers have corrupted the justice process by being dishonest in their court filings and this is Bankruptcy Fraud. The process has been unfair from the retiree pension voting process to how other creditors are being offered unfair proportions of settlement. The public is aware of this corruption and will continue to fight for justice. My hope is that you are not fooled and open your eyes to the advice of fellow colleagues not to approve this bankruptcy. We are moving into a new era of leadership where we may have a new governor and everything can be reversed thru the legislative and executive process.

The solution for Detroit is private arbitration settlements. Detroit has enough assets to pay off its' present value of debt and meet long term pension obligations. The city needs to implement sound financial principles and not use speculative exotic derivatives to solve their debt and cash flow issues. This long term use of risky accumulative bond offerings and mismanagement is the problem. One cannot use debt to get out of debt; this goes against all financial principles. Detroit can fix its' issue with the time that arbitration will offer by selling off assets, raising new cash revenue, and budgeting its' expenses to create a monthly surplus of cash. Corruption and unfunded debt obligations are the problem. The solution is truth and transparency. Consider the consequences and risk that will come with approving this unfair bankruptcy case. It will create more problems on the economy and reward unethical corruption. Please do not approve the Plan of Adjustment. Detroit retirees and all Michigan residents need their income to survive during this tough recession. The world is watching. My hope is that you make the right decision to protect Michigan residents. Thank you for reading this letter.

Respectfully,

A handwritten signature in cursive script, appearing to read "Clare Anagonye".

Clare Anagonye

248-881-8407

(Page 2 of 2)